

ELECTING A MEMBER TO A CERTAIN STANDING COMMITTEE OF THE HOUSE OF REPRESENTATIVES

Mr. CROWLEY. Mr. Speaker, by direction of the Democratic Caucus, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 39

Resolved, That the following named Member be and is hereby elected to the following standing committee of the House of Representatives:

(1) Committee on House Administration—Ms. Lofgren.

The resolution was agreed to.

A motion to reconsider was laid on the table.

HELPING ANGELS LEAD OUR STARTUPS ACT

GENERAL LEAVE

Mr. HENSARLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and submit extraneous materials on the bill, H.R. 79, to clarify the definition of general solicitation under Federal securities laws, and for other purposes.

The SPEAKER pro tempore (Mr. HULTGREN). Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. Pursuant to House Resolution 33 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the state of the Union for the consideration of the bill, H.R. 79.

The Chair appoints the gentleman from Illinois (Mr. BOST) to preside over the Committee of the Whole.

□ 1408

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 79) to clarify the definition of general solicitation under Federal securities law, with Mr. BOST in the chair.

The Clerk read the title of the bill.

The CHAIR. Pursuant to the rule, the bill is considered read the first time.

The gentleman from Texas (Mr. HENSARLING) and the gentleman from Missouri (Mr. CLAY) each will control 30 minutes.

The Chair recognizes the gentleman from Texas.

Mr. HENSARLING. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of H.R. 79, the Helping Angels Lead Our Startups Act, also known as the HALOS Act.

I remind all Members that the House passed this bill just a few months ago with overwhelming support from both Republicans and Democrats by a vote

of 325–89, Mr. Chairman, almost 4 to 1. It is hard to get more bipartisan than that.

It has received overwhelming bipartisan support because then and now the HALOS Act will help create needed jobs and grow our economy. I think we all know, Mr. Chairman, from listening to our constituents, jobs in the economy continue to be the number one issue of concern of the American people.

I commend the bipartisan sponsors of this bill, Mr. CHABOT, the chairman of the Small Business Committee, who we will hear from soon, and Ms. SINEMA, who serves with me on the Financial Services Committee. I also thank the six Republicans and four Democrats who joined them as original cosponsors.

These Members reached across the aisle and produced legislation that is especially important to America's small businesses. Let's remember, Mr. Chairman, that half-half—the people who work in this country earn or work at small businesses, which historically create two-thirds of all the new jobs in America. So small business—small business—is the job engine of America.

Our economy clearly works better for working Americans when small businesses thrive and they can focus on creating jobs rather than navigating bureaucratic red tape, red tape that disproportionately hurts the small businesses and startup companies that we are counting on to create jobs for our constituents.

Burdensome regulations make it harder for entrepreneurs to access startup capital, and they place credit out of reach for many who wish to start up a small business. Many of these harmful regulations arise from complicated laws, like the Dodd-Frank Act. Overall, small business loans are at a 25-year low, in large part due to regulatory burdens on our community banks and credit unions.

Even the former Director of the Small Business Administration, appointed by President Obama, admitted as much when she said: “Small banks have been laden with excessive costs and confusion from overlapping regulations, which are getting in the way of their ability to make small business loans.”

We simply must not allow our security laws to inhibit the free flow of investment capital to Main Street. The HALOS Act provides an important regulatory solution to make it easier for small businesses to attract investments and put both the “open for business” and “we are hiring” signs on their front doors.

The bill provides a clear path for startups to connect with angel investors and allows investors to make their own informed decisions. Angel investors, Mr. Chairman, have a huge impact on economic growth. Famous companies like Amazon, Costco, Google, Facebook, and Starbucks were all first funded by angel investors.

That is just how important this matter is. Today, approximately 600,000 employees earn their paychecks from working for these specific companies.

Unfortunately, when Washington bureaucrats get involved, we often see the dreaded “unintended consequences” of red tape. Five years ago, Congress passed the bipartisan JOBS Act to make it easier for business startups to gain access to critical capital. But the Securities and Exchange Commission instead issued regulations on angel investors that have the complete opposite effect. This is a problem Congress can easily fix by passing a bipartisan HALOS Act, which will ensure that funding from angel investors remains available to small business startups.

Mr. Chairman, you cannot have employees, unless you first have employers. You cannot have jobs without job creators. And that is what this bill is all about—jobs. It is about helping small businesses overcome misguided Washington red tape so they can create jobs.

I urge all Members to support this commonsense bipartisan bill.

I reserve the balance of my time.

Mr. CLAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to H.R. 79, the Helping Angels Lead Our Startups Act. This bill, under the guise of helping angel groups attract additional investors for small businesses and startups, would alter the balance between capital formation and investor protection that we sought to achieve in the JOBS Act.

Let me remind my colleagues of what we did in the wake of the financial crisis when bank lending was scarce. Our Nation's startups had trouble getting off the ground and attracting new capital. Previously, they had done so using rule 506, which allows companies to sell private securities to accredited investors who are financially savvy and have the means to bear their heightened risks and lack of SEC oversight. As a condition to using rule 506, however, companies could not solicit purchasers from or advertise to the general public.

□ 1415

This condition was viewed as a barrier to capital formation for startups. Therefore, Democrats worked with Republicans to provide companies in the JOBS Act with an alternative so that they could broadly advertise and solicit new investors.

Recognizing the need to balance investor protection with this expansion, Ranking Member WATERS offered an amendment requiring companies to take reasonable steps to verify that the ultimate purchaser was an accredited investor. This verification requirement is a necessary investor protection designed to prevent unsophisticated investors from purchasing—either accidentally or by fraudulent means—risky, illiquid, and lightly regulated Rule 506 securities.

I would remind my Republican colleagues that this amendment was agreed to unanimously, in part because the amended provision struck the appropriate balance between capital formation and investor protection. Nevertheless, here we are today seeking to alter it in H.R. 79.

This bill would remove the verification requirement and allow companies to broadly solicit and advertise their private stock at any event sponsored by a college, nonprofit, government organization, angel investor group, or other group. That means that America's college students can walk into an event on campus and be talked into buying stock that they don't understand and may not ever be able to sell. Having created this initial relationship, the company can then sell the students stock without ever checking if they are accredited investors.

What is more, the bill would make it much easier for fraudsters to swindle unsophisticated investors by, for example, encouraging the unsophisticated investors to buy stock in a fake or failing company, only to sell off their own stock at artificially inflated prices.

Republicans claim that the bill is merely a clarification; that these demo days are not merely solicitations or advertisements in and of themselves and can be used by companies to generally discuss investment opportunities along with their products and services with the general public. But that is not the case.

Companies can already go to a broadly advertised, widely attended demo day and discuss their businesses and not implicate the securities laws if they don't offer securities for sale or otherwise condition the market for their security, but the bill would allow them to offer securities or condition the market by describing the type and amount of stock they are offering, the intended use of the proceeds, or any of the other information in subsection (a)(4) of the bill.

Therefore, today, a company discussing such information would have two options: one, to ensure that the event is limited to persons with whom they or the event organizer has a pre-existing, substantive relationship or have been contacted through an informal personal network; or two, verify at the time of purchase that their investors are accredited by, for example, looking at bank statements, W-2s, or third-party verification letters.

The bill would allow companies to avoid both options and broadly advertise their stock, solicit purchases from the general public, and never check to make sure they are financially sophisticated, accredited investors. The only limitation—that the stock offerings only be at events sponsored by certain groups—does not provide a meaningful investor protection. Phony private universities or nonprofits that may be guilty of fraud themselves can hardly be held accountable for policing it in stock offerings.

So rather than clarify existing law and preserve the compromise we struck in the JOBS Act, H.R. 79 provides a potential loophole that is overbroad and harmful to investors.

Mr. Chairman, I am even more troubled that Republicans have brought this bill and another Financial Services Committee bill to the floor this week without a hearing or a committee markup. In fact, there are 10 new Republican Members and 4 new Democratic Members on our committee that have never even considered this bill.

Collectively, they represent millions of Americans that are being denied the right to better understand this legislation. It is deeply troubling that Republicans have decided to use their newfound power to rush through changes under cover of night without the benefits of an open, public process.

For these reasons, I oppose H.R. 79.

Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield myself 10 seconds just to say that hearings have been held in a markup in the last Congress on this bill and the 10 new Republican Members are anxious to vote on this. I am unaware of any new Democrat Members having been appointed to our committee as of yet.

I am now very happy to yield 3 minutes to the gentleman from Ohio (Mr. CHABOT), coauthor of the HALOS Act, a champion for small business because he is, indeed, the distinguished chairman of the Small Business Committee.

Mr. CHABOT. Mr. Chair, I thank the gentleman for yielding and for his leadership on this issue. I rise in strong support of H.R. 79, the bipartisan HALOS Act.

As the chairman of the House Small Business Committee, I have the honor and pleasure of hearing and speaking with many of America's small-business owners and their employees almost every day. I hear case after case of small-business owners working days and nights and weekends. I hear stories of sacrifice. I hear inspiring stories of success.

But all too often, I hear about how the government continues to make it difficult for small businesses to prosper and grow and create more jobs, which is, obviously, very important to our Nation and its economy.

Perhaps one of the most common and most alarming concerns is just how difficult it is for entrepreneurs who are starting out to access the capital they need in order to grow. We must provide entrepreneurs a better way to build their businesses. The HALOS Act does just that.

The Helping Angels Lead Our Startups Act expands access to capital by ensuring small businesses are able to continue to connect and interact with angel investors. One popular way in which small businesses connect with angel investors is through demo days. These exciting events are sponsored by universities, nonprofits, local governments, and many other groups that

allow entrepreneurs to showcase their products and informally meet investors and customers. However, SEC regulations are threatening to force these events out of business by imposing unwieldy regulations that dictate who is and who is not allowed to simply attend.

These ill-considered regulations would force everybody who merely walks through the door to go through what is essentially a full financial examination—handing over tax documents, bank statements, paycheck information, and on and on. This just doesn't make sense. We should be encouraging participation in demo days, not creating obstacles. We should be allowing the largest group of attendees to gather in the room, not be limiting who can walk through the door. After all, not only are these events places to connect people with our communities' small businesses, but they also provide a great opportunity for our next generation of entrepreneurs to ask questions and learn what it takes for a business to open its doors and be successful.

I thank Chairman HENSARLING for his leadership as well as Representatives SINEMA and SCHNEIDER for working in a cooperative and bipartisan manner.

An identical bill, as the chairman mentioned, passed this House in the last session of Congress in an overwhelmingly bipartisan fashion. We must continue to work together to create an environment in which our small businesses—the engines of our economy—grow and flourish. This bill is one more step in that direction.

I urge my colleagues to support H.R. 79.

Mr. CLAY. Mr. Chairman, I reserve the balance of my time.

Mr. HENSARLING. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan (Mr. HUIZENGA), the distinguished chairman of the Capital Markets and Government Sponsored Enterprises Subcommittee of the Financial Services Committee.

Mr. HUIZENGA. I thank the chairman for his leadership.

Mr. Chairman, we all know that small businesses and entrepreneurs are what drive the American economy. We meet them in our districts and we see firsthand the benefits that their dreams and hard work provide to our constituents and to our communities.

These innovators, entrepreneurs, and risk-takers are really small-business people who are critical for our country's economic prosperity. Small businesses helped to create more than 60 percent of the Nation's net new jobs over the past two decades. So if our Nation is going to have an economy that provides opportunities for every American, then we must promote and encourage the success and growth of our small businesses and our startups.

In order to succeed, these companies need capital and credit—the lifeblood for growth, expansion, and job creation. Yet, the government continues

to construct arbitrary walls that cut them off from essential financing as smaller companies are caught up in red tape that was created, frankly, for the largest public companies, but those public companies have the financial means to hire lawyers and accountants and management consultants and all of those things that would then guide them through the sheer weight, volume, and complexity of the Federal securities laws.

Congress has made strides in tailoring the regulatory environment for smaller companies, most notably when we passed with strong bipartisan support the Jumpstart Our Business Startups, or JOBS Act, in 2012. The JOBS Act's benefits are notable as more and more companies use its provisions to raise investment capital in both the public and private markets.

One essential form of capital for many startups comes from angel investors—sophisticated, high net-worth individuals who invest their own money into startups and other early stage companies. Not many college students of whom I am aware would fit that definition of a sophisticated, high net-worth individual. In 2015, angel investors deployed over \$24 billion to about 71,000 startups—many of these investments going to companies in their own communities and States. Beyond capital, angels provide advice and guidance to help these companies succeed and create jobs.

Mr. Chairman, I believe that it is important to note that companies such as Amazon, Costco, Facebook, Google, and Starbucks, among a myriad of others that we have not necessarily heard of as public names, were all initially funded by angel investors. Without angel investors, these very successful companies would have never gotten off the ground.

Yet, the Securities and Exchange Commission, whose neglect of its statutory mission to facilitate capital formation necessitated that Congress pass the JOBS Act in the first place, has further restricted startups from interacting with angel investors at demo days and similar pitch events. Startups rely on demo days and similar events to build relationships with angels and other investors and generate interest in their companies and their ideas. These events existed prior to the JOBS Act, but the SEC's rules jeopardize their future.

H.R. 79, the Helping Angels Lead Our Startups, or HALOS Act, is a common-sense, bipartisan bill that is aimed at removing a significant regulatory hurdle for innovative companies and startups that seek early stage equity investments. Specifically, the HALOS Act would clarify that these demo days, which are sponsored by angel investor groups, universities, municipalities, and nonprofits, are not considered to be general solicitations and would, instead, ensure that angel funding remains available to those businesses that seek investment capital. These are really educational opportunities.

□ 1430

Mr. Speaker, some of our colleagues on the other side of the aisle will claim that the HALOS Act guts critical investor protections and will subject honest, hardworking Americans to rampant fraud. We just had an example of college students being brought up. That is simply not true.

A company that offers securities to investors under these rules may only sell their securities to sophisticated or accredited investors. If these individuals do not meet the standards of an accredited investor, they are not then eligible or even allowed to invest in these types of startups that would participate in a demo day.

Instead, the HALOS Act is a simple, bipartisan, bicameral, and, I might add, short bill that will provide small innovative companies and startups the ability to interact with angels and other investors who can provide the capital that they need to succeed, grow, and create jobs.

Indeed, Senator CHRIS MURPHY of Connecticut said it best when he introduced the HALOS Act last Congress: "I have heard from local entrepreneurs and interested backers alike that the most important thing we can do to help these businesses is to make it easier for angel investors to put capital behind them—and that is exactly what our bipartisan HALOS Act will do."

The CHAIR. The time of the gentleman has expired.

Mr. HENSARLING. Mr. Chair, I yield an additional 30 seconds to the gentleman.

Mr. HUIZENGA. Mr. Chair, that was Senator CHRIS MURPHY of Connecticut.

I commend the efforts of Representatives CHABOT and SINEMA for working together across the aisle on a bipartisan, positive solution.

Last Congress, the HALOS Act passed this very body with an overwhelming bipartisan vote of 325–89. I have high hopes that H.R. 79 will enjoy another strong, bipartisan vote.

I encourage all my colleagues to support its adoption.

Mr. CLAY. Mr. Chair, I reserve the balance of my time.

Mr. HUIZENGA. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. HULTGREN).

Mr. HULTGREN. Mr. Chairman, I thank the gentleman from the Subcommittee on Capital Markets and Government Sponsored Enterprises for yielding to me and, also, thank Chairman HENSARLING for his work.

Today, I am proud to speak in support of the Helping Angels Lead Our Startups, or HALOS Act. I would also thank Chairman CHABOT and Congressman SINEMA for putting forth this important bipartisan legislation, and I am a proud cosponsor.

I am fortunate enough to regularly hear from innovators across Illinois and through my work on the House Science, Space, and Technology Committee. These are the people who harness technology to accomplish the im-

possible, whether that is making life-changing medical breakthroughs or just finding a better way to do everyday tasks.

As we all know, startups are the job creators that drive our economy by creating new jobs that can get our constituents back to work.

Angel investors play a key role in the earliest stages of these startups. They provide the initial rounds of funding to help these life-changing ideas get off the ground. We shouldn't have unnecessary barriers in place for our innovators to have access to the capital they need to grow.

The situation we currently find ourselves facing is frustrating for startups and potential investors. There is some regulatory uncertainty from implementation of the JOBS Act. In short, Regulation D may imply a demo day is a general solicitation, which would require companies to identify if investors meet the definition of accredited.

If demo days are treated as general solicitations, startups and investors are required to comply with burdensome, third-party verification rules. However, the purpose of these demo days is not to seek investors. It simply is to promote good ideas. No solicitations or sales of securities take place. This confusion may prevent any conversation—even a very informal one—between angel investors and startups from happening. This can be easily clarified by the legislation under consideration today.

As I mentioned, startup companies frequently participate in demo days to increase the visibility of their company, explain their ideas, and hope to informally attract investors. These demo days are sponsored by a variety of organizations interested in promoting innovation and job creation. For example, the University of Illinois' Research Park told me that this bill would make things like the Cozad New Venture Competition, Urbana-Champaign Angel Network or UCAN angel presentations, the Share the Vision technology showcase, pitch practice at EnterpriseWorks, and other public forums for startups in Illinois problematic. They want to encourage showcases of startups without fear of these programs constituting a formal fundraising solicitation to report to the SEC.

The bill simply clarifies SEC regulations to ensure startups may participate in educational demo days without having to verify that attendees are accredited investors. That is a common-sense, technical fix, and it is no surprise that we had such a strong bipartisan vote of approval in the House last Congress.

I encourage all of my colleagues to support this job-creating legislation.

Mr. CLAY. Mr. Chair, I reserve the balance of my time.

Mr. HUIZENGA. Mr. Chair, I yield 2 minutes to the gentleman from Texas (Mr. WILLIAMS).

Mr. WILLIAMS. Mr. Chair, I rise today not only in strong support of the

HALOS Act but for the entrepreneurs everywhere in this country.

The facts are simple. Angel investors provide vital, often necessary capital for startup companies. Unfortunately, after the passage of the JOBS Act, the SEC made this more difficult, placing unnecessary burdens on companies who are just starting out.

Mr. Speaker, the positive impact these startups often have on a community are staggering. In the City of Austin, which I am proud to represent, startup companies provide more than just new technologies. They provide jobs, they generate taxes, and they give back to their local community. In 2015 alone, tech companies in Austin were able to raise almost a billion dollars in new capital. With our economy still on the mend from the financial collapse in 2007, it is time to give businesses, both large and small, the resources they need to compete in an often competitive environment.

H.R. 79 rightly amends the SEC Act of 1933 to formally define an angel investor group and exempts them from having to comply with burdensome, third-party verification rules. The HALOS Act provides essential protection for trade associations that often facilitate such meetings between investors and fund managers, continuing to cultivate small business capital formation relationships. This change may be small, but the impact will be great.

Mr. Speaker, I will end my remarks by saying this: If the 115th Congress is serious about jobs, serious about turning our economy around, and serious about real change, passing bills like the HALOS Act will be paramount to our success.

I urge all Members to support Chairman CHABOT's bill.

Mr. CLAY. Mr. Chair, I continue to reserve the balance of my time.

Mr. HUIZENGA. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee (Mr. KUSTOFF), a new member of the House Financial Services Committee.

Mr. KUSTOFF of Tennessee. Mr. Chairman, I rise today in support of H.R. 79, the Helping Angels Lead Our Startups Act. This important legislation has the ability to produce real results that Congress continually promises their constituents.

When I decided to seek office, a major driving force was the governmental overreach that I saw at home in west Tennessee. The financial crisis of 2008 crushed the middle class and lower classes across America.

West Tennesseans were hit hard. Far too many faced unemployment, struggled to pay their bills, and lost their homes and businesses that meant everything to their livelihoods. There has been no doubt that it has been a slow recovery under these last 8 years. Thankfully, many areas of the country have begun to bounce back.

West Tennessee, my home, still needs strong workforce development so we, too, can bounce back. As I traveled

throughout the Eighth District of Tennessee last year, I met amazing people, great Americans who were ready to work hard to provide for their families and for their communities. Too often, I heard stories of burdensome mandates and regulations that are preventing these hardworking Tennesseans from moving forward.

With this legislation, we can keep our promise to help alleviate the burden of Federal regulations on small businesses. There is no doubt that angel investors are the backbone of startups; and unless we find a solution to unreasonable restrictions, small businesses could continue to suffer as they struggle to compete with large, established companies.

We need to keep our promise to the American people. We need to focus on creating good-paying jobs. And I believe that this bipartisan legislation is a step in the right direction.

I urge my colleagues to vote "yes" on this important legislation.

Mr. CLAY. Mr. Chair, I continue to reserve the balance of my time.

Mr. HUIZENGA. Mr. Chair, I yield 2 minutes to the gentleman from Illinois (Mr. SCHNEIDER) for 2 minutes.

Mr. SCHNEIDER. Mr. Speaker, I rise in support of H.R. 79, the Helping Angels Lead Our Startups or the HALOS Act.

I was proud to have introduced this bill with Representative CHABOT during the 113th Congress and have been pleased to see this commonsense legislation continue to gain bipartisan support. I want to thank Representatives CHABOT and SINEMA for continuing to advocate for this important legislation.

Small businesses and startup companies are tremendous assets and sources of economic growth for our country. Economists have shown that when the economy is healthy, startups and young, fast-growing firms are the fundamental drivers of job creation. But to succeed, innovative entrepreneurs with ideas need access to capital. These investments give new companies the resources to take their idea from concept to startup to success.

Congress should support this process and pass legislation that makes it easier for accredited investors to find creative, aspiring entrepreneurs. Unfortunately, certain legislation has had the unintended consequence of often making it more difficult for entrepreneurs and inventors to meet investors and access critical investment capital.

The JOBS Act of 2012 has placed additional restrictions on individuals who want to invest in startups. This has adversely affected programs where young companies demonstrate their products and meet potential investors and mentors, and the legislation has curtailed startups' access to individual or angel investors and angel groups.

During my more than two decades of business experience, I saw firsthand how angel investors often provide more than just funding for young companies. They offer wisdom, advice, and guid-

ance as small businesses seek to grow. The HALOS Act would reopen the path for innovative individuals and young companies to more easily connect with angel investors, while still maintaining important investor protections.

This bill will help small businesses better access the resources they need to thrive and ultimately create jobs, ensuring the United States remains the best place in the world to start and grow a new business.

I urge my colleagues to join me in supporting this important legislation.

Mr. CLAY. Mr. Chair, I continue to reserve the balance of my time.

Mr. HUIZENGA. Mr. Chairman, may I inquire as to the balance of time remaining on both sides.

The CHAIR. The gentleman from Michigan has 8 minutes remaining, and the gentleman from Missouri has 22 minutes remaining.

Mr. HUIZENGA. Mr. Chair, I yield 2 minutes to the gentlewoman from Arizona (Ms. SINEMA), the coauthor of this bill.

Ms. SINEMA. Mr. Chair, I thank my colleagues on the other side of the aisle for working with me, yet again, on this bipartisan bill to help entrepreneurs and startup companies create jobs and grow our economy.

American startup businesses are growing both in number and diversity. Entrepreneurs are finding new and better ways to bring together talent, innovation, and investment capital in an increasingly competitive small business environment.

The HALOS Act clarifies SEC regulations to ensure small businesses may participate in educational demo days without the burden of having to verify that attendees are accredited investors. Demo days provide invaluable opportunities for entrepreneurs to meet and exchange ideas with students, professors, business professionals, and potential future investors.

The HALOS Act creates a clear path for startups to participate in demo days sponsored by a government entity, nonprofit, angel investor group, venture association, or other entity permitted by the SEC. Specifically, the act clarifies the definition of general solicitation to exempt communications and presentations at these events where advertising for the event does not make specific investment offerings and where no specific securities offering information is communicated at the event.

This permits startups to connect with business experts, potential future investors, and other entrepreneurs, all while maintaining existing accredited investor verification requirements and exemptions under Regulation D for the actual purchase or sale of securities. It does not, in any way, permit the sale of securities to unaccredited investors at demo days.

Companies such as Amazon, Costco, Facebook, Google, and Starbucks were all initially funded by angel investors. As we work to make America more

competitive in the new global economy, we need to encourage the growth of innovative startups and job-creating small businesses.

Again, I thank Representative CHABOT for working with me on this commonsense, bipartisan bill. I am committed to working with my colleagues on both sides of the aisle to ensure that Arizona startups have the support they need to grow their businesses and create jobs.

□ 1445

Mr. CLAY. Mr. Chairman, I have no further speakers, and I reserve the balance of my time.

Mr. HUIZENGA. Mr. Chairman, I yield 2 minutes to the gentlewoman from Florida (Mrs. MURPHY) and welcome her as a new Member.

Mrs. MURPHY of Florida. Mr. Chairman, I rise in support of the bipartisan HALOS Act because it will help startup companies with angel investors without compromising important investor protections.

When working in the private sector, I participated in numerous so-called demo days where early-stage entrepreneurs make presentations. I have counseled multiple startups and small firms through this process, particularly women and minority-owned businesses. I have seen firsthand as they struggled to overcome regulatory hurdles and to obtain access to much-needed capital when traditional financing sources, such as banks, may not be feasible.

It is important for the government at all levels—Federal, State, and local—to promote economic growth and encourage innovation by connecting people with good ideas to people with the capital and courage to bankroll those ideas. Robust entrepreneurial ecosystems is how great products come to market and how well-paying jobs are created. This is particularly important for my district in central Florida, which has a growing innovative and entrepreneurial startup community.

Based on personal experiences and on the experiences conveyed to me by Floridians with expertise in this area, the current Federal regulations governing demo days can be made more clear and less burdensome so that they better promote the flow of capital through our economy while continuing to protect nonaccredited investors.

Because I believe the HALOS Act achieves these dual objectives, I urge my colleagues to join me in voting “yes” on H.R. 79.

Mr. CLAY. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, both Democrats and Republicans want to help facilitate capital formation, particularly for groups such as angel investors, who have substantial experience in the private securities market, and for small companies like startups who are seeking funding to innovate and grow. But as Members of Congress, we also have the responsibility to protect investors

and ensure that the rules of the road are reasonable and appropriate. This is especially important for retail investors, those of us who are looking to save for retirement or to buy a house or to support our children's education.

That is what concerns me about the bill we have before us today. We cannot create loopholes in the securities laws that could have a serious negative impact on Americans' nest eggs, so we must strike the right balance between capital formation in our securities markets and investor protection.

It is with these goals in mind that Democrats supported the current rules in place. Companies can raise money to grow and support their businesses in our securities markets under the purview of the SEC and State regulators. The regulatory framework we have set up allows for different activities and oversight depending on the nature of the security offering.

For example, public offerings provide robust information to investors about the risks and rewards of a particular securities purchase. They require the SEC or State securities regulator to preapprove and review an offering, and they provide legal recourse to investors that may be deceived. This is a strong regulatory framework that ensures our markets are safe and sound. In exchange for complying with these rules, companies can advertise and sell their stock to anyone in the general public.

On the other hand, private offerings do not come with the same regulatory requirements and protections, which can make it easier and less costly for firms to raise money. This means less information for investors, less legal recourse, and little to no scrutiny by regulators. So we put in place procedures to ensure these private offerings, which are inherently riskier, are only sold to accredited investors.

Private offerings now play a significant role in the market. Unregistered securities have surpassed registered securities in terms of capital formation. They have accounted for more than \$2 trillion in new capital. Moreover, \$71 billion has been raised since 2012 through the general solicitation and advertising exemption that we put in place in the JOBS Act. This is clearly an important and growing segment of our market, and, as such, I believe we need to be even more cautious about who is participating in it.

In fact, the SEC's Investor Advisory Committee said we should do more, not less, to protect investors in the general solicitation and advertising market for private offerings. They think we don't have enough guardrails in place. And yet this bill would do the opposite, by expanding the exemptions on general solicitation without similarly protecting the investor.

The bill also undercuts an important amendment Ranking Member WATERS offered to the JOBS Act, which was approved unanimously. It required companies to verify that the purchaser is an accredited investor and is finan-

cially sophisticated enough to bear the risks involved in private offerings. By effectively allowing purchasers to “self-certify” at or after demo days sponsored by certain groups, the bill could open the door to financial ruin for a retail investor who may not have understood the consequences of his or her investment. So I oppose this bill.

I yield back the balance of my time.

Mr. HUIZENGA. Mr. Chairman, I yield myself the balance of my time.

I have actually had the pleasure and the honor of sitting through a number of these demo days and seeing these pitches being made. People are coming in, and they are literally laying out their dreams, their hopes, and, frankly, their hard work because they wouldn't be there that day if it wasn't for their hard work. They are looking for a couple of things. As small businesses and entrepreneurs, they are looking for capital and credit. We use the word “capital” a lot around here, but think of it as cash and credit. They really are looking for someone who will buy into their dream, who will look at their hard work, and who will understand that their dreams can become a reality with hope. This bill is trying to do that.

Members are hearing a lot of doom and gloom on the other side. In fact, I think the phrase was just thrown out, financial doom for the retail investor. Let's talk about these retail investors.

For you to become an accredited investor, someone who would qualify to be able to invest in these startup companies, according to SEC rule 501, you need to be married, jointly; \$300,000 in income; and \$1 million of net worth, excluding your home. So you cannot include a million-dollar home. You have to have \$1 million net worth outside of your home and have an income of \$300,000. Earlier, college students were brought up. Not a whole lot of college students that I am aware of have \$300,000 annual income or \$1 million net worth.

These are people who are sophisticated, typically. They are high net worth, by definition. Interestingly enough, as Members of Congress, if we allowed some of these amendments to go through and these restrictions to go through, as Members of Congress, we would be excluded from the room. We would be excluded. We couldn't even go in there to educate ourselves about how this process works. That, ultimately, is what this is about.

Those pitch days are not just for those people who are going to invest. Those pitch days are not just for the people who are going to do the investing. Those pitch days are for others to learn, to have an understanding.

If you are a college student sitting in the back row, to understand what it looks like to become an entrepreneur, to really become a part of that engine of the American economy, you should be in the room. If you are someone who might be making a pitch later on and want to see how this happens and

works, you ought to be in the room. Let's not exclude those people.

Why would we have a government closed off, closed room, a government-sanctioned closed room that would keep people from understanding and achieving their hopes and dreams and success?

I am pleased to be up here and to talk about this issue because we know that for our standing in the world, we need to have a dynamic economy. Our dynamic economy starts with our entrepreneurs and the risk-takers who are willing to invest in those ideas.

I just want to commend the gentlewoman from Arizona (Ms. SINEMA) and the gentleman from Ohio (Mr. CHABOT) for working in a bipartisan manner. I expect we are going to see a massively bipartisan vote for this bill, and I eagerly await that. I ask my colleagues to support H.R. 79.

Mr. Chairman, I yield back the balance of my time.

The CHAIR. All time for general debate has expired.

Pursuant to the rule, the bill shall be considered for amendment under the 5-minute rule. The bill shall be considered as read.

The text of the bill is as follows:

H.R. 79

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Helping Angels Lead Our Startups Act" or the "HALOS Act".

SEC. 2. DEFINITION OF ANGEL INVESTOR GROUP.

As used in this Act, the term "angel investor group" means any group that—

(1) is composed of accredited investors interested in investing personal capital in early-stage companies;

(2) holds regular meetings and has defined processes and procedures for making investment decisions, either individually or among the membership of the group as a whole; and

(3) is neither associated nor affiliated with brokers, dealers, or investment advisers.

SEC. 3. CLARIFICATION OF GENERAL SOLICITATION.

(a) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Securities and Exchange Commission shall revise Regulation D of its rules (17 CFR 230.500 et seq.) to require that in carrying out the prohibition against general solicitation or general advertising contained in section 230.502(c) of title 17, Code of Federal Regulations, the prohibition shall not apply to a presentation or other communication made by or on behalf of an issuer which is made at an event—

(1) sponsored by—

(A) the United States or any territory thereof, by the District of Columbia, by any State, by a political subdivision of any State or territory, or by any agency or public instrumentality of any of the foregoing;

(B) a college, university, or other institution of higher education;

(C) a nonprofit organization;

(D) an angel investor group;

(E) a venture forum, venture capital association, or trade association; or

(F) any other group, person or entity as the Securities and Exchange Commission may determine by rule;

(2) where any advertising for the event does not reference any specific offering of securities by the issuer;

(3) the sponsor of which—

(A) does not make investment recommendations or provide investment advice to event attendees;

(B) does not engage in an active role in any investment negotiations between the issuer and investors attending the event;

(C) does not charge event attendees any fees other than administrative fees; and

(D) does not receive any compensation with respect to such event that would require registration of the sponsor as a broker or a dealer under the Securities Exchange Act of 1934, or as an investment advisor under the Investment Advisers Act of 1940; and

(4) where no specific information regarding an offering of securities by the issuer is communicated or distributed by or on behalf of the issuer, other than—

(A) that the issuer is in the process of offering securities or planning to offer securities;

(B) the type and amount of securities being offered;

(C) the amount of securities being offered that have already been subscribed for; and

(D) the intended use of proceeds of the offering.

(b) RULE OF CONSTRUCTION.—Subsection (a) may only be construed as requiring the Securities and Exchange Commission to amend the requirements of Regulation D with respect to presentations and communications, and not with respect to purchases or sales.

The CHAIR. No amendment to the bill shall be in order except those printed in part B of House Report 115-2. Each such amendment may be offered only in the order printed in the report, by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question.

AMENDMENT NO. 1 OFFERED BY MS. VELÁZQUEZ

The CHAIR. It is now in order to consider amendment No. 1 printed in part B of House Report 115-2.

Ms. VELÁZQUEZ. Mr. Chairman, I have an amendment at the desk.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 3, line 18, strike "and".

Page 3, after line 24, insert the following:

(E) provides attendees with a disclosure, as prescribed by the Securities and Exchange Commission by rule, describing the nature of the event and the risks of investing in the securities being advertised; and

Add at the end the following:

(c) NO PRE-EXISTING RELATIONSHIP BY REASON OF EVENT.—Attendance at an event described under subsection (a) shall not qualify, by itself, as establishing a pre-existing relationship between an issuer and a purchaser, for purposes of Rule 506(b).

The CHAIR. Pursuant to House Resolution 33, the gentlewoman from New York (Ms. VELÁZQUEZ) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentlewoman from New York.

Ms. VELÁZQUEZ. Mr. Chairman, I yield myself such time as I may consume.

When we think of a startup business, the early days of Apple or Google usu-

ally come to mind. Their stories are familiar—hardworking entrepreneurs who beat the odds. Like these companies, most successful startups have several common ingredients: a new product or service, a willingness to take risks, and leadership that can navigate the complexities of today's economy. And successful firms also have a way of securing capital to both get off the ground and to grow.

This last ingredient can present serious obstacles as startups face unique financing challenges. Many do not have positive cash flow, putting traditional bank loans out of reach. While some of these firms participate in incubator or accelerator programs that provide a small amount of seed capital, they must find new sources of funding when their initial capital runs out.

One avenue for securing additional capital is by participating in demo days or pitch days. At these events, entrepreneurs have an opportunity to showcase their companies and innovations to potential investors.

Today's bill will alter SEC rules to exempt the use of general solicitation for presentations made at demo days. In other words, demo day organizers will not have to comply with the usual procedures verifying that the investors they are attracting to the event are accredited.

Despite the well-intended goal of expanding the use of demo days to better meet startups' capital needs, it is easy to see how unscrupulous actors could exploit this exemption to deceive ordinary people that were drawn to the event by a public advertisement. My amendment makes improvements to ensure attendees at demo days have an opportunity to be informed about the nature of these presentations and the risks of investing in startups.

□ 1500

Typically, demo days are limited to select groups of potential investors. Let's be clear, these are not science fairs, but they are sophisticated business presentations designed to raise capital for the entrepreneurs and their startups.

However, the underlying bill allows colleges and universities and nonprofits to host these events and advertise them to the public. It is easy to see how some attendees might not know the true nature of the presentation.

My amendment will address this by requiring event sponsors to provide an SEC-created disclosure outlining the nature of the event and investment risks. By creating a uniform disclosure, the SEC can take the burden off the sponsors and issuers on what to disclose.

This amendment would also clarify that attendance at a demo day alone does not constitute a preexisting relationship and does not allow a stock issuer to sidestep their obligation to verify that an investor is accredited. Without this clarification, it is possible that issuers could defraud less-sophisticated retail investors.

Demo days are a great way for our Nation's entrepreneurs to raise capital, but they should be making presentations to the right investors, those that understand the risks of investing in risky startup businesses, not just anyone who saw an advertisement.

My amendment would both expand the ability of small businesses to raise capital by tapping into demo days while ensuring that the right kind of investors, those accredited and fully informed, are participating in the small business capital markets.

Mr. Chairman, I urge my colleagues to support the amendment, and I reserve the balance of my time.

Mr. HUIZENGA. Mr. Chairman, I claim the time in opposition to this amendment.

The CHAIR. The gentleman from Michigan is recognized for 5 minutes.

Mr. HUIZENGA. Mr. Chairman, so here is the alternate reality you are expected to believe in this scenario that has been created. You are going to have somebody wander off the street with their checkbook in their pocket, listen to a 3- to 5-minute pitch on an idea that is going to change the world, and then they are going to sign away their financial future and life savings. That is the scenario that is being painted for you out there today by the opponents of this commonsense legislation.

Again, to be an investor, you must be an accredited investor, according to the SEC rules, Rule 501, that says you have \$300,000 of income annually and a net worth of \$1 million outside of your home. Owning your house doesn't count towards that.

I have been to these pitch days. You know what you are walking into. You don't just stumble on it and go: Wow, what's going on here?

I have never thought about this. Tell you what, I am going to write a five- or six- or seven-figure check today and put myself into financial ruin. That is not how these things work.

Mr. Chairman, at the end of the day, I think it is important to just review a little bit of the history here.

First of all, this amendment isn't necessary. It would create yet another SEC-required disclosure and further burden the ability for startups to present their ideas to demo days.

I would note that this amendment could have been offered last March, either in committee or while we were in the House had consideration last April 2016. However, in both cases that didn't occur.

Let's remember why we are here today, Mr. Chairman. When the SEC promulgated the rules to implement Title II of the JOBS Act, the agency made something that was legal prior to April 5 of 2012 suddenly illegal. The SEC decided that demo days that bring together those entrepreneurs and those companies suddenly became a general solicitation.

That isn't the case, and this amendment would require the SEC to pre-

scribe a disclosure that "describes the nature of the event and the risks of investing in securities being advertised."

There is no sale that day, Mr. Chairman. No sale at all is going to happen. There is no exchange that happens at that event.

This amendment is unnecessary, overly broad, and would delay the return to the certainty that the pre-JOBS Act had brought.

Mr. Chairman, I reserve the balance of my time.

Ms. VELÁZQUEZ. Mr. Chairman, may I inquire as to how many other speakers the gentleman has?

Mr. HUIZENGA. Mr. Chairman, I have no further speakers on this amendment.

Ms. VELÁZQUEZ. Mr. Chairman, I yield myself such time as I may consume.

First of all, I am the author of the amendment, and in the amendment, there is no place in which it requires anyone to sign anything. This is a reasonable, straightforward, simple amendment that provides transparency and protection to the investors.

The gentleman says that this is not an offering. While some presentations may not explicitly be offering securities for sale, these demo days are not a simple science fair. They are sophisticated business presentations designed to generate hype and investor interest.

If a sponsor wants to advertise such events to the public, it is reasonable that they also provide information regarding the risk of investing in startups.

Mr. Chairman, I yield back the balance of my time.

Mr. HUIZENGA. Mr. Chairman, you just heard the author of the amendment make the case that this is a complicated process in general that an unaccredited person is not going to be allowed to invest in. So it requires the event sponsor to provide attendees with a written disclosure outlining the nature of the event and the risks of investing in the securities for sale. It is not an offering that is happening at those demo days. I would ask my colleagues to oppose this amendment.

Mr. Chairman, I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentleman from New York (Ms. VELÁZQUEZ).

The question was taken; and the Chair announced that the yeas appeared to have it.

Ms. VELÁZQUEZ. Mr. Chairman, I demand a recorded vote.

The CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from New York will be postponed.

AMENDMENT NO. 2 OFFERED BY MR. CLAY

The CHAIR. It is now in order to consider amendment No. 2 printed in part B of House Report 115-2.

Mr. CLAY. Mr. Chairman, I rise as the designee for Ms. WATERS' amendment to improve H.R. 79.

The CHAIR. The Clerk will designate the amendment.

The text of the amendment is as follows:

Page 3, line 18, strike "and".

Page 3, after line 18, insert the following:

(D) does not receive any compensation for making introductions between investors attending the event and issuers, or for investment negotiations between such parties; and

Page 3, line 19, strike "(D)" and insert "(E)".

At the end of the bill, insert the following:

(c) DEFINITION OF ISSUER.—For purposes of this section and the revision of rules required under this section, the term "issuer" means an issuer that is in day-to-day operations as a business, is not in bankruptcy or receivership, is not an investment company, and is not a blank check, blind pool, or shell company.

The CHAIR. Pursuant to House Resolution 33, the gentleman from Missouri (Mr. CLAY) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Missouri.

Mr. CLAY. Mr. Chair, I move for the adoption of the amendment. This amendment, combined with Velazquez amendment, if adopted, would ensure that the bill strikes the appropriate balance between capital formation and investor protection.

First, the Waters amendment would prohibit event sponsors from collecting finders' fees for connecting potential investors to companies. This prohibition helps ensure that event sponsors, including colleges, nonprofits, and trade associations, don't have perverse incentives to drum up sales of stock.

Second, the Waters amendment would require the company selling securities to be a company operating in the real economy, not a hedge fund, shell company, or company going through bankruptcy. Not only does this provision protect investors from purchasing shares of an opaque or speculative firm, but it also ensures that the bill is targeted to provide relief to our Nation's startups and small businesses.

These two provisions are commonsense changes that I hope will receive bipartisan support. I move for the adoption of the amendment.

Mr. Chairman, I reserve the balance of my time.

Mr. HUIZENGA. Mr. Chairman, I claim the time in opposition to this amendment.

The CHAIR. The gentleman from Michigan is recognized for 5 minutes.

Mr. HUIZENGA. Mr. Chairman, once again, we are seeing an unnecessary, duplicative amendment here. The amendment, as it is laid out, creates a new definition of an issuer. The Securities Exchange Act already defines an issuer, and Ms. WATERS' definition is vague, confusing and, frankly, unnecessary.

Demo days are opportunities for startup companies to present their ideas to potential investors that are accredited. Again, accredited. At this point, all of America is shouting back at C-SPAN, saying, \$300,000 in income

per year with \$1 million net worth, excluding their home. We get this out there. This is not a solicitation or offering a security.

So what I am, quite honestly, concerned about and maybe a little confused about is the point of the HALOS Act trying to fix a problem. It is trying to fix a problem.

Remember, we want to expose entrepreneurs and their ideas to the broadest pool of potential investors that includes angel investment community, again, of accredited investors. This requirement raises serious compliance concerns for angel investors. It would require entrepreneurs and startups to perform a compliance function that they may not have the physical or financial means to do so. Again, it is just an additional burden and barrier to entry for entrepreneurs.

Again, these are—the entrepreneurs typically aren't the ones that have \$300,000 of annual income or \$1 million net worth because, frankly, then they wouldn't have to be at the pitch. They could fund it themselves.

The idea is to make sure that those ideas, those people who are looking for an opportunity are given the broadest opportunity possible. And I think what we are seeing here is a reaction to the notion that, you know what? Maybe people can handle this on their own instead of the government needing to step in and be so overly prescriptive and control every decision that they are making.

You are seeing a reaction on the other side to that, to that notion of freedom, that idea of an entrepreneurial spirit; this idea that we all need to be wrapped in bubble wrap as we go out into the world. That is not government's role or job.

Outside of those prescriptions that are already in place, again, we are talking about a narrow group of investors with \$300,000 of net income annually, and \$1 million net worth who would even qualify to invest in those.

Why we would wall this off from others seeking to learn and to see an opportunity, I just simply don't understand.

Mr. Chairman, I reserve the balance of my time.

Mr. CLAY. Mr. Chair, just in closing, let me say that, again, this amendment will bring some balance to the legislature and ensure that the bill is targeted to provide relief to our Nation's startup and small businesses, and I urge its adoption.

Mr. Chair, I yield back the balance of my time.

Mr. HUIZENGA. Mr. Chairman, in closing, I cannot support an amendment that makes it more difficult for startups to receive the crucial funding that they need to grow and create new jobs. Again, these are people pursuing their dreams, their hopes. They need capital and credit. They need cash and credit to go fulfill those.

Mr. Chairman, I actually believe in the SEC. I believe that the rules that

they operate under are sufficient. I believe in the JOBS Act. I believe in the HALO Act that will provide the proper protections to investors, again, qualified investors with a \$300,000 income and a \$1 million net worth.

There are proper protections in place. This amendment does nothing but add additional burden to those seeking the investment and those seeking to invest. I request opposition from my colleagues.

Mr. Chairman, I yield back the balance of my time.

The CHAIR. The question is on the amendment offered by the gentleman from Missouri (Mr. CLAY).

The question was taken; and the Chair announced that the yeas appeared to have it.

Mr. CLAY. Mr. Chairman, I demand a recorded vote.

The CHAIR. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Missouri will be postponed.

□ 1515

Mr. HUIZENGA. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. OLSON) having assumed the chair, Mr. BOST, Chair of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 79) to clarify the definition of general solicitation under Federal securities law, had come to no resolution thereon.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote incurs objection under clause 6 of rule XX.

Record votes on postponed questions will be taken later.

ENERGY EFFICIENT GOVERNMENT TECHNOLOGY ACT

Mr. OLSON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 306) to amend the Energy Independence and Security Act of 2007 to promote energy efficiency via information and computing technologies, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 306

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Energy Efficient Government Technology Act".

SEC. 2. ENERGY-EFFICIENT AND ENERGY-SAVING INFORMATION TECHNOLOGIES.

(a) IN GENERAL.—Subtitle C of title V of the Energy Independence and Security Act of

2007 (Public Law 110-140; 121 Stat. 1661) is amended by adding at the end the following: "**SEC. 530. ENERGY-EFFICIENT AND ENERGY-SAVING INFORMATION TECHNOLOGIES.**

"(a) DEFINITIONS.—In this section:

"(1) DIRECTOR.—The term 'Director' means the Director of the Office of Management and Budget.

"(2) INFORMATION TECHNOLOGY.—The term 'information technology' has the meaning given that term in section 11101 of title 40, United States Code.

"(b) DEVELOPMENT OF IMPLEMENTATION STRATEGY.—Not later than 1 year after the date of enactment of this section, each Federal agency shall coordinate with the Director, the Secretary, and the Administrator of the Environmental Protection Agency to develop an implementation strategy (that includes best practices and measurement and verification techniques) for the maintenance, purchase, and use by the Federal agency of energy-efficient and energy-saving information technologies, taking into consideration the performance goals established under subsection (d).

"(c) ADMINISTRATION.—In developing an implementation strategy under subsection (b), each Federal agency shall consider—

"(1) advanced metering infrastructure;

"(2) energy-efficient data center strategies and methods of increasing asset and infrastructure utilization;

"(3) advanced power management tools;

"(4) building information modeling, including building energy management;

"(5) secure telework and travel substitution tools; and

"(6) mechanisms to ensure that the agency realizes the energy cost savings brought about through increased efficiency and utilization.

"(d) PERFORMANCE GOALS.—

"(1) IN GENERAL.—Not later than 180 days after the date of enactment of this section, the Director, in consultation with the Secretary, shall establish performance goals for evaluating the efforts of Federal agencies in improving the maintenance, purchase, and use of energy-efficient and energy-saving information technology.

"(2) BEST PRACTICES.—The Chief Information Officers Council established under section 3603 of title 44, United States Code, shall recommend best practices for the attainment of the performance goals, which shall include Federal agency consideration of, to the extent applicable by law, the use of—

"(A) energy savings performance contracting; and

"(B) utility energy services contracting.

"(e) REPORTS.—

"(1) AGENCY REPORTS.—Each Federal agency shall include in the report of the agency under section 527 a description of the efforts and results of the agency under this section.

"(2) OMB GOVERNMENT EFFICIENCY REPORTS AND SCORECARDS.—Effective beginning not later than October 1, 2017, the Director shall include in the annual report and scorecard of the Director required under section 528 a description of the efforts and results of Federal agencies under this section."

(b) CONFORMING AMENDMENT.—The table of contents for the Energy Independence and Security Act of 2007 is amended by adding after the item relating to section 529 the following:

"Sec. 530. Energy-efficient and energy-saving information technologies."

SEC. 3. ENERGY EFFICIENT DATA CENTERS.

Section 453 of the Energy Independence and Security Act of 2007 (42 U.S.C. 17112) is amended—

(1) in subsection (b)—

(A) in paragraph (2)(D)(iv), by striking "determined by the organization" and inserting "proposed by the stakeholders"; and